

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

ACADEMY CHARTER HIGH SCHOOL

COUNTY OF MONMOUTH

LAKE COMO, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Academy Charter High School

1725 Main Street

Lake Como, New Jersey 07719

Telephone 732-681-8377

February 19, 2013

Dear Board Members:

The Comprehensive Annual Financial Report of the Academy Charter for the fiscal year ended June 30, 2012, is hereby submitted. Responsibility for both the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the Administration of the School. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the School.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section included this transmittal letter and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report.

The School is required to undergo the annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the US Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations," and State of New Jersey OMB circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. " Information related to the single audit, including the auditor's report on internal control and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Academy Charter High School constitutes an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and account groups of the entity are included in this report.

Academy Charter High School was chartered by the New Jersey Department of Education in January 1998. The school opened its doors in September 1998, in accordance with its charter, serving ninth and tenth graders.

ACHS has a 191-day school year with an extended day lasting 7 hours and five minutes. Freshmen have a 203 – day school year. A half-day session is held one Saturday a month. This session included supplemental activities that enhance the curriculum. The 4 x 4 block schedule is designed to foster the inclusion of technology and to promote creative instructional and assessment strategies. Mastery of the interdisciplinary curriculum is recorded on a skill by skill basis. Monthly progress reports are provided to the students and their parents at Parent Meetings. Students meet weekly with faculty mentors who monitor the student's academic, emotional

and social growth. The school maintains a 1:1.5 computer to student ratio. Twenty – four percent of the student body during the 2011-2012 school year received services as special needs students. All students participate in clubs. Student uniforms are mandatory.

2) ENROLLMENT OUTLOOK: As per a charter amendment, the maximum student enrollment is 220 students. It is anticipated that the 2012 – 2013 school year enrollment for grades nine through twelve will be around 200 students. Excessive applicants necessitate a lottery and a waiting list is maintained on a grade by grade basis. Currently over 42 students remain on the waiting list.

3) MAJOR ACCOMPLISHMENTS: During the 2011 – 2012 school year the student attendance rate was 90.1 % according to the School Report Card data. Staff attendance rate for the same time period was 96.6 %. Dozens of students received monthly awards for earning Honor Roll or High Honor Roll status. Students used the skills-based grading system to master the curricula at their pace, improving their grades throughout the semester. Students, parents, and staff reported a high level of satisfaction at the end of the year.

4) INTERNAL ACCOUNTING CONTROLS: Management of the School is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal and state financial assistance, the School is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulation related to those programs. This internal control structure is also subject to periodic evaluation by the School.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the School maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriate budget approved by the Board of Trustees and the State of New Jersey. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

6) ACCOUNTING SYSTEMS AND REPORTS: The School's accounting records reflect conformity with general accepted accounting principles (GAAP). ACHS contracts with the Asbury Park information Technology Center for budgetary and payroll services.

The budget programs provide for the assignment of funds through a cross referenced system meeting both the charter school 108 line item budget reporting requirements and the traditional GAAP accounting requirements. Monthly Board Secretary reports should inform the Director and the Board of Trustees of current budgetary status.

7) FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the School continues to meet its responsibility for sound financial management.

8.) CASH MANAGEMENT: The School has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9.) RISK MANAGEMENT: The School carries various forms of insurance, including but not limited to general liability, director's and officer's liability, hazard and theft insurance on property and contents and workmen's compensation.

10.) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent Certified Public Accountants (CPA) or Registered Municipal Accountants. The school selected the accounting firm of Oliwa and Company, CPAS. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and related Federal OMB Circular A-133, and State of New Jersey OMB Circular 04-04. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,

Mary Jo McKinley

Mary Jo McKinley
Director

Academy Charter High School

Board of Trustees

2011 - 2012

Richard Morales - Wright	Higher Education Representative
Kimberly Brock	Community Member
Sabrina Fowler-Turner	Community Member
Frankie Winrow	Parent Representative
Mylo Wright	Parent Representative
Tasha Youngblood-Brown	Community Member
Mary Jo McKinley	Director
Rashida Cruz	Business Administrator / Board Secretary
Fred Niemann	Attorney

Consultants and Advisors

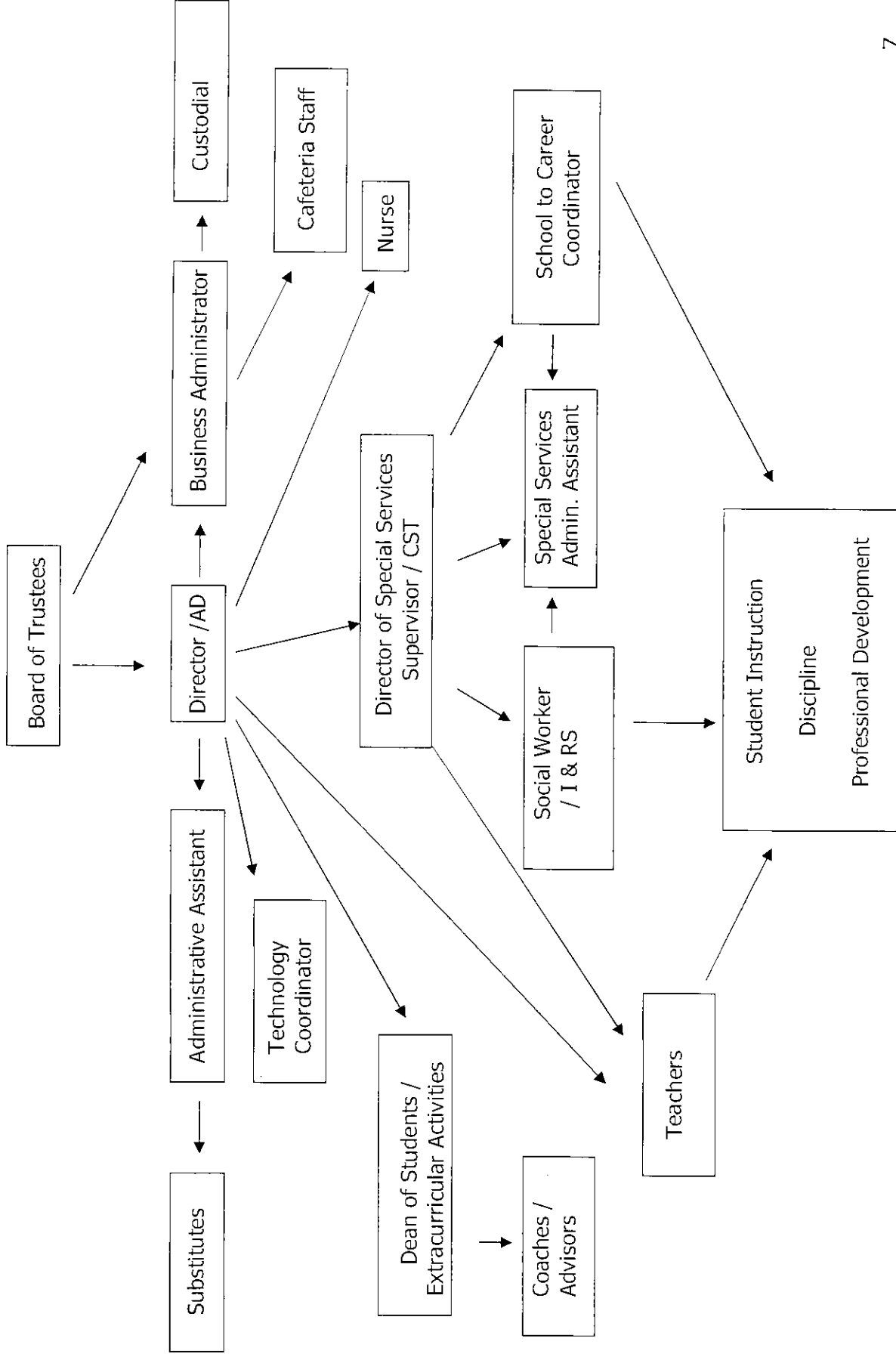
Auditor Firm

Oliwa and Company
3 Broad Street
Freehold, NJ 07728

Attorney

Hanlon & Niemann
3499 Route 9 North
Freehold, NJ 07728

Academy Charter High School



Integrity *Respect*Empathy*Acceptance*Community*Honesty*Focus*Accountability*Responsibility

Oliwa & Company

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To The Honorable President and
Members of the Board of Trustees of
Academy Charter High School
County of Monmouth
Lake Como, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Academy Charter High School, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Charter School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Academy Charter High School's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We were unable to obtain information to fully support the cost of sales in the accompanying statement of revenues, expenses and changes in fund net assets in the proprietary fund - food service for the year ended June 30, 2012.

In our opinion except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the accuracy of the cost of sales stated in the proprietary fund - food service, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Academy Charter High School, in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2013 on our consideration of Academy Charter High School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 11 through 16 and 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Academy Charter High School's financial statements as a whole. The introductory section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal financial assistance and state financial assistance is presented for purposes of additional analysis as required by U.S. Office and Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and State of New Jersey, Department of the Treasury, Office of Management and Budget Circular 04-04-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are not a required part of the financial statements. The combining and individual fund financial statements and the schedules of federal financial assistance and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Robert S. Oliwa
Certified Public Accountant
Licensed Public School Accountant
#20CS00093900

Oliwa & Company

Freehold, New Jersey
February 19, 2013

**ACADEMY CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS-UNAUDITED
Year Ended June 30, 2012**

Our discussion and analysis of the Academy Charter High School's (the "School") financial performance provides an overview of the School's financial activities for the year ended June 30, 2012. Please read it in conjunction with the Independent Auditor's Report on pages 8 through 10, and the School's financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

The School's net assets increased by \$18,367 or 2%, and the general revenues accounted for \$3,239,053 or 94% of total revenues.

The general fund reported a positive fund balance of \$206,165.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

REPORTING THE SCHOOL AS A WHOLE

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about School finances is, "Is the School better or worse off as a result of the year's activities?". The Statement of Net Assets and the Statement of Activities report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School's net assets and changes in them. The change in net assets determines whether the School's financial picture is improving or deteriorating. We also need to consider other nonfinancial factors such as student enrollment and facility conditions in arriving at a conclusion regarding the overall picture.

REPORTING ON THE SCHOOL'S MOST SIGNIFICANT FUNDS

Our analysis of the School's major funds and fund financial statements begins on page 17 and provides detailed information about the most significant funds-not the school as a whole. Some funds are required to be established by State statute, while other funds are established by the School to help manage money for particular purposes and compliance with various grant provisions. The School's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

GOVERNMENTAL FUNDS

Most of the Charter School's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods.

FIDUCIARY FUNDS

The fiduciary funds are used to account for assets held by the School on behalf of others. These assets cannot be utilized by the School to support School programs.

CHARTER SCHOOL FINANCIAL ANALYSIS

Net assets serve as an indicator of a financial position. In the case of the School, assets exceeded liabilities by \$869,527 at the close of the fiscal year. The largest portion of the School's net assets is investment in capital assets of \$655,526.

A comparative net assets analysis of fiscal year 2012 to 2011 follows:

Table 1
Net Assets

	<u>2012</u>	<u>2011</u>
Current and other Assets		
Cash and investments	\$ 124,265	\$ 141,982
Receivables	260,498	203,581
Interfund receivable	3,364	8,339
Capital Assets-Net	<u>655,526</u>	<u>634,117</u>
Total Assets	<u>\$1,043,653</u>	<u>\$ 988,019</u>
Liabilities		
Accounts Payable	\$ 178,598	\$ 136,356
Interfund payable	<u>3,364</u>	<u>8,339</u>
Total Liabilities	<u>\$ 181,962</u>	<u>\$ 144,695</u>
Net Assets		
Total Net Assets	<u>\$ 861,691</u>	<u>\$ 843,324</u>

The School is able to report positive balances in net assets, both for the government as a whole, and as well as for its separate governmental type activities.

Table 2
Changes in Net Assets

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
REVENUES		
Intergovernmental		
State	\$ 202,465	\$ 180,335
Charter School Aid	3,013,087	2,952,114
Federal	196,946	305,455
Other Sources	<u>23,501</u>	<u>79,363</u>
TOTAL REVENUES	<u>3,435,999</u>	<u>3,517,267</u>
EXPENSES		
Instructional	2,186,401	2,136,236
Supporting	665,166	789,695
Operation/Maintenance of Facilities	466,884	478,008
Depreciation	28,260	28,671
Other	<u>70,921</u>	<u>195</u>
TOTAL EXPENSES	<u>3,417,632</u>	<u>3,432,805</u>
Increase in net assets	<u>\$ 18,367</u>	<u>\$ 84,462</u>

Net assets of the School's governmental activities increased by \$18,367 and unrestricted net assets reflect a positive balance of \$206,165.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table on the following page reflects the cost of program services and the net cost of those services after taking into account the program revenues for governmental activities. General revenues which include charges to School Districts and State entitlements must support the net cost of the School's programs.

	<u>2012 Services</u>	
	<u>Total Cost</u>	<u>Net Cost</u>
Governmental Activities		
Instructional Services	\$2,186,401	\$1,842,518
Supporting Services	665,166	609,638
Operation/Maintenance	495,144	495,144
TOTAL EXPENSES	<u>\$3,346,711</u>	<u>\$2,947,300</u>

THE SCHOOL'S FUNDS

The School's governmental funds reported a combined fund balance of \$861,691 which is above last year's total of \$843,324. The schedule below indicates the unrestricted fund balance and the change in fund balance as of June 30, 2012.

<u>FUND BALANCE</u>	<u>2012</u>	<u>2011</u>	<u>(Decrease)</u>
General Fund	<u>\$206,165</u>	<u>\$209,207</u>	<u>\$ (3,042)</u>
TOTAL	<u>\$206,165</u>	<u>\$209,207</u>	<u>\$ (3,042)</u>

General Fund

The School's general fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the general fund.

<u>REVENUES</u>	<u>2012</u>	
	<u>Actual</u>	<u>Budget</u>
State	\$3,013,087	\$3,013,087
Other	<u>23,501</u>	<u>23,501</u>
TOTAL	<u>\$3,036,588</u>	<u>\$3,036,588</u>

The largest portions of general fund expenditures are for salaries.

	Actual	<u>2012</u> Budget
Expenditures by Object		
Salaries	\$1,831,970	\$1,868,096
Contractual Services	84,201	95,443
Communications	20,339	15,570
Professional Services	67,911	76,528
Insurance	48,180	53,956
Transportation/Buses	1,000	1,000
Land/Building/Facilities	366,672	366,672
Miscellaneous	36,828	25,501
Supplies/Materials	56,918	71,053
Benefits	405,021	413,100
Capital Outlays	49,669	49,669
On-behalf TPAF post retirement medical contributions	78,151	0
On-behalf TPAF contributions	38,876	0
TPAF	<u>85,438</u>	<u>0</u>
TOTAL	<u>\$3,171,174</u>	<u>\$3,036,588</u>

GENERAL FUND BUDGET INFORMATION

The School's budget is prepared in accordance with the accrual basis of accounting. The most significant budgeted fund is the General Fund. The School's accounting records reflect conformity with general accepted accounting principles (GAAP).

CAPITAL ASSETS

The School has \$655,526 invested in capital assets. Acquisitions for governmental activities totaled \$49,669 and depreciation was \$28,260.

ACADEMY CHARTER HIGH SCHOOL

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities	Business- type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 124,265	\$ 0	\$ 124,265
Receivables, net	257,134	3,364	260,498
Interfund receivable	3,364	0	3,364
Capital assets, net	655,526	0	655,526
Total Assets	<u>\$1,040,289</u>	<u>\$ 3,364</u>	<u>\$1,043,653</u>
LIABILITIES			
Accounts payable	178,598	0	178,598
Interfund payable	0	3,364	3,364
Noncurrent liabilities	0	0	0
Due within one year	0	0	0
Due beyond one year	0	0	0
Total liabilities	<u>178,598</u>	<u>3,364</u>	<u>181,962</u>
NET ASSETS			
Invested in capital assets	655,526	0	655,526
Restricted for:			
Capital projects	0	0	0
Other purposes	0	0	0
Unrestricted	206,165	0	206,165
Total net assets	<u>\$ 861,691</u>	<u>\$ 0</u>	<u>\$ 861,691</u>

The accompanying notes to financial statements are an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:						
Instructional Services	\$2,186,401	\$ 0	\$343,883	\$ (1,842,518)	\$ 0	\$ (1,842,518)
Supporting Services:						
Administrative	665,166	0	55,528	(609,638)	0	(609,638)
Facilities and Support Services	466,884	0	0	(466,884)	0	(466,884)
Unallocated Depreciation	28,260	0	0	(28,260)	0	(28,260)
Total Governmental Activities	<u>3,346,711</u>	<u>0</u>	<u>399,411</u>	<u>(2,947,300)</u>	<u>0</u>	<u>(2,947,300)</u>
Business-Type Activities:						
Food Services	142,591	1,960	69,710	0	(70,921)	(70,921)
Total Primary Government	<u>\$3,489,302</u>	<u>\$1,960</u>	<u>\$469,121</u>	<u>\$(2,947,300)</u>	<u>\$(70,921)</u>	<u>\$(3,018,221)</u>
General Revenues:						
Charter School Aid				3,013,087	0	3,013,087
Miscellaneous				23,501	0	23,501
Transfers				(70,921)	70,921	0
Total General Revenues and Transfers				<u>2,965,667</u>	<u>70,921</u>	<u>3,036,588</u>
Change in Net Assets				18,367	0	18,367
Net Assets-Beginning				843,324	0	843,324
Net Assets-Ending				<u>\$ 861,691</u>	<u>\$ 0</u>	<u>\$ 861,691</u>

The accompanying notes to financial statements are an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$124,265	\$ 0	\$ 0	\$ 0	\$ 0	\$124,265
Receivables, net	63,738	193,396	0	0	0	257,134
Interfund receivable	196,760	0	0	0	0	196,760
Receivables from other governments	0	0	0	0	0	0
Total assets	<u>\$384,763</u>	<u>\$193,396</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$578,159</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$178,598	\$ 0	\$ 0	\$ 0	\$ 0	\$178,598
Interfund payable	0	193,396	0	0	0	193,396
Deferred revenue	0	0	0	0	0	0
Total liabilities	<u>178,598</u>	<u>193,396</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>371,994</u>
Fund Balances:						
Reserved for:						
Encumbrances	0	0	0	0	0	0
Legally restricted- designated for subsequent year's expenditures	0	0	0	0	0	0
Maintenance reserve	0	0	0	0	0	0
Excess surplus	0	0	0	0	0	0
Excess surplus- designated for subsequent year's expenditures	0	0	0	0	0	0
Other purposes	0	0	0	0	0	0
Unreserved, reported in:						
General fund	206,165	0	0	0	0	206,165
Special revenue fund	0	0	0	0	0	0
Capital projects fund	0	0	0	0	0	0
Permanent fund	0	0	0	0	0	0
Total fund balances	<u>206,165</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>206,165</u>
Total liabilities and fund balances	<u>\$384,763</u>	<u>\$193,396</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$578,159</u>

The accompanying notes to financial statements are an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Permanent Fund	Total Governmental Funds
REVENUES				
Local sources:				
Charter School aid	\$3,013,087	\$ 0	\$ 0	\$3,013,087
Miscellaneous	23,501	0	0	23,501
Total-Local sources	3,036,588	0	0	3,036,588
State sources	202,465	0	0	202,465
Federal sources	0	196,946	0	196,946
Total revenues	3,239,053	196,946	0	3,435,999
EXPENDITURES				
Current:				
Regular instruction	2,044,983	141,418	0	2,186,401
Other instruction	0	0	0	0
Nonpublic school programs	0	0	0	0
Support services and undistributed costs:				
School administrative services	609,638	55,528	0	665,166
Facility and other support- services	466,884	0	0	466,884
Capital outlay	49,669	0	0	49,669
Total expenditures	3,171,174	196,946	0	3,368,120
Excess of revenues over expenditures	67,879	-0	0	67,879
OTHER FINANCING SOURCES (USES)				
Capital leases (non-budgeted)	0	0	0	0
Transfers in	0	0	0	0
Transfer out	(70,921)	0	0	(70,921)
Total other financing sources and uses	(70,921)	0	0	(70,921)
Net change in fund balances	(3,042)	0	0	(3,042)
Fund balance-Beginning	209,207	0	0	209,207
Fund balance-Ending	<u>\$ 206,165</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 206,165</u>

The accompanying notes to financial statements
are an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances-governmental funds	\$ 206,165
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,045,757 and the accumulated depreciation is \$390,231.	<u>655,526</u>
Total net assets of governmental activities	<u>\$ 861,691</u>

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - governmental funds	\$ (3,042)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	<u>21,409</u>
Change in governmental funds	<u>\$ 18,367</u>

The accompanying notes to financial statements
are an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF NET ASSETS
PROPRIETARY FUND - FOOD SERVICE
JUNE 30, 2012

	Business-type Activities - Enterprise Fund <u>Food Service</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 0
Accounts receivable	3,364
Other receivables	<u>0</u>
Total current assets	<u>3,364</u>
LIABILITIES	
Current liabilities:	
Interfund payable	<u>3,364</u>
Total current liabilities	<u>3,364</u>
NET ASSETS	
Unrestricted	<u>0</u>
Total net assets	<u>\$ 0</u>

The accompanying notes to financial statements are
an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - FOOD SERVICE
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund <u>Food Service</u>
Operating revenues:	
Charges for services:	
Daily sales	\$ 1,960
Miscellaneous	0
Total operating revenues	<u>1,960</u>
Operating expenses:	
Cost of sales	126,657
Salaries	10,900
Supplies	5,034
Total Operating	<u>142,591</u>
Operating loss	<u>(140,631)</u>
Nonoperating revenues (expenses):	
State sources:	
State school lunch and breakfast program	941
Federal sources:	
National school lunch and breakfast program	68,769
Miscellaneous expense	0
Total nonoperating revenues (expenses)	<u>69,710</u>
Income (loss) before contributions and transfers	(70,921)
Transfers in	<u>70,921</u>
Change in net assets	0
Total net assets - beginning	0
Total net assets - ending	<u>0</u>

The accompanying notes to financial statements are
an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - FOOD SERVICE
FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities - Enterprise Fund	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Daily sales	\$ 1,960	
Payments to suppliers	(131,691)	
Payments to employees	(10,900)	
Net cash used for operating activities	<u>(140,631)</u>	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from State Sources	941	
Proceeds from Federal Sources	68,769	
Operating subsidies and transfers to other funds	70,921	
Net cash provided by (used for) noncapital and related financing activities	<u>140,631</u>	
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends	<u>0</u>	
Net cash provided by (used for) investing activities	<u>0</u>	
Net increase (decrease) in cash and cash equivalents	<u>0</u>	
Balances - beginning of year	<u>0</u>	
Balances - end of year	<u>\$ 0</u>	
Reconciliation of operating income (loss) to net cash used for operating activities:		
Operating income (loss)		(140,631)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation expense		0
Changes in assets and liabilities:		
Receivables		0
Payables		0
Net cash used for operating activities		<u>\$ (140,631)</u>

The accompanying notes to financial statements are an integral part of
the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Unemployment Compensation <u>Trust</u>
ASSETS	
Cash and cash equivalents	\$ 0
Total assets	<u>0</u>
LIABILITIES	
Accounts payable	0
Payroll deductions and withholdings	<u>0</u>
Total liabilities	<u>0</u>
NET ASSETS	
Held in trust for unemployment claims and other purposes	<u>\$ 0</u>

The accompanying notes to financial statements are
an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan member	\$ 4,355
Other	<u>8,877</u>
Total Contributions	<u>13,232</u>
DEDUCTIONS	
Quarterly contribution reports	2,068
Unemployment claims	11,164
Administrative expenses	<u>0</u>
Total deductions	<u>13,232</u>
Change in net assets	<u>0</u>
Net assets - beginning of the year	<u>0</u>
Net assets - end of the year	<u>\$ 0</u>

The accompanying notes to financial statements are an integral part of the basic financial statements.

ACADEMY CHARTER HIGH SCHOOLOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy Charter High School (the "School") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

Reporting Entity

The School is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Trustees consists of volunteer officials and is responsible for the fiscal control of the School. A Director is appointed by the Board of Trustees and is responsible for the administrative control of the School.

Governmental Accounting Standards Board publication, *Codification of Governmental Accounting and Financial Reporting Standards*, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and Schools by the primary government. The exercise of oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the School over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and the statement of activities present financial information about the School's governmental and business type activities. These statements include the financial activities of the overall School in its entirety, except those that are fiduciary. These statements distinguish between the governmental and business type activities of the School.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of the School.

Fund Financial Statements

During the fiscal year, the School segregates transactions related to certain School functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the School's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey Schools to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among School financial reporting models. The School reports the following government funds:

General Fund

The General Fund is the general operating fund of the School and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay subfund.

As required by NJDOE, the School includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (continued)

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, School taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

The School reports the following proprietary fund:

Enterprise Fund

The School operates an Enterprise Fund, a Food Service Fund. The Food Service Fund accounts for the activities of the School's food service, generally the school hot lunch program. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the School reports the following fund type:

Fiduciary Funds

The Fiduciary Funds are used to account for assets held by the School on behalf of others and therefore cannot be used to support the School's own programs. The School's Fiduciary Funds include a payroll and unemployment funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (continued)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. Charter School Aid is susceptible to accrual since under the New Jersey State Statute, each constituent school district is required to remit to the School the entire balance of aid in the amount reported to each district by the State Department of Education.

The School is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Reports for the School's Food Service Fund are prepared following the Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with *Governmental Accounting Standards Board* ("GASB") pronouncements.

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general and special revenue funds. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School resolution.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets/Budgetary Control (continued)

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

Note 7 presents a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the combined statements of revenues, expenditures and changes in fund balances - to the GAAP basis of accounting.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts on deposit and short-term investments with original maturities of three months or less.

The School is limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by the School.

Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the School has received advances are reflected in the balance sheet as deferred revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Short-term InterFund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than changes for goods or services rendered to/from a particular fund in the School and that are due within one year.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets acquired or constructed are recorded at historical cost including ancillary charges necessary to place the asset into service. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The School does not possess any infrastructure. The School has reviewed capital assets for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line.

Compensated Absences

School employees are granted varying amounts of vacation and sick leave in accordance with the School's personnel policy. However, school employees are not permitted to accrue vacation or sick time.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Fund Balance Reserves

The School reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditures. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include cash on hand, amounts on deposit and short-term investments with original maturities of three months or less.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation ("FDIC"), or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The Governmental Unit Deposit Protection Act ("GUDPA") requires public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

-the market value of the collateral must equal five percent of the average daily balance of public funds; or

-if the public funds deposited exceed seventy five percent of the capital funds of the depository, the depository must provide collateral having a market value equal to one hundred percent of the amount exceeding seventy five percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Custodial Credit Risk - The custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Although the School does not have a formal deposit policy for custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Public funds owned by the School in excess of FDIC insured amounts are protected by GUDPA. As of June 30, 2012 the School's bank balances were not exposed to custodial credit risk.

Investments

- a. When authorized by a cash management plan approved pursuant to N.J.S. 40A: 5-14, the School may use available funds for the purchase of the following types of securities, which, if suitable for registry, may be registered, in the name of the School:

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

Investments (continued)

(1) Bonds or other obligations of the United States or obligations guaranteed by the United States.

(2) Government money market mutual funds.

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.

(4) Bonds or other obligations of the School, or bonds or other obligations of school districts of which the School is a part or within which the school district is located.

(5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investments, New Jersey Department of the Treasury.

(6) Local government investment pools.

(7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P. L. 1977, c. 281; or

(8) Agreements for the repurchase of fully collateralized securities, if:

(a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;

(b) the custody of collateral is transferred to a third party;

(c) the maturity of the agreement is not more than 30 days;

(d) the underlying securities are purchased through a GUDPA bank;

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments in which the security is not physically held by the School shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the School and prevent unauthorized use of such investments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 3 - CAPITAL FIXED ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets:				
Computer and equipment	\$208,664	\$ 6,279	\$ 0	\$ 214,943
Furniture and fixtures	163,398	0	0	163,398
Improvements	257,026	43,390	0	300,416
Building deposit	<u>367,000</u>	<u>0</u>	<u>0</u>	<u>367,000</u>
Total capital assets	<u>996,088</u>	<u>49,669</u>	<u>0</u>	<u>1,045,757</u>
Less: Accumulated depreciation:				
Computer and equipment	178,837	18,520	0	197,357
Furniture and fixtures	162,396	1,002	0	163,398
Improvements	<u>20,738</u>	<u>8,738</u>	<u>0</u>	<u>29,476</u>
Total accumulated depreciation	<u>361,971</u>	<u>28,260</u>	<u>0</u>	<u>390,231</u>
Total capital assets, -net	<u>634,117</u>	<u>21,409</u>	<u>0</u>	<u>655,526</u>
Governmental activities net capital assets	<u>\$634,117</u>	<u>\$21,409</u>	<u>\$ 0</u>	<u>\$ 655,526</u>

NOTE 4 - LINE OF CREDIT

The School has established a line of credit in the amount of \$100,000. The line of credit carries an interest rate based on the bank's prime rate, plus 1.25% computed on the basis of a 360 day year and charged for the actual number of days elapsed. The line of credit is secured by the bank accounts of the School and is payable on demand. The interest rate at June 30, 2012 was 4.5%. At June 30, 2012, the School had no outstanding borrowings on the line of credit. Subsequent to June 30, 2012 and through February 19, 2013, the School executed line of credit advances of \$75,919.

NOTE 5 - PENSION PLANS

All required School employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund ("TPAF") or the Public Employees' Retirement System ("PERS") of New Jersey. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the School and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 5 - PENSION PLANS (continued)

Employees who are members of TPAF or PERS and retire at or after age sixty are entitled to a retirement benefit based upon a formula which takes 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Vesting occurs after eight to ten years of service. Pension benefits for members enrolled in PERS after May 21, 2010 would be based on 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of creditable service. The TPAF and PERS provides for specified medical benefits for members who retire after achieving twenty-five years of qualified service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. In accordance with the provisions of Chapter 78, P.L. 2011, employee pension contribution rates for TPAF and PERS are currently 6.50% of employees' annual compensation, as defined. Employee contributions for TPAF and PERS employees will be increased from 6.50% to 7.50% to be phased in equally over a seven year period beginning July 2012. The contribution rate will increase by 0.14% each year with the first payroll of July 2012 until the 7.50% contribution rate is reached in July 2018. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the School is a noncontributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of School)

<u>Year Ending</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2012	\$38,876	100%	\$38,876
2011	\$ 3,868	100%	\$ 3,868
2010	\$ 3,925	100%	\$ 3,925

Three-Year Trend Information for PERS

<u>Year Ending</u> <u>June 30,</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2012	\$32,448	100%	\$32,448
2011	\$24,499	100%	\$24,499
2010	\$20,389	100%	\$20,389

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

NOTE 6 - POST-EMPLOYMENT RETIREMENT MEDICAL BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c. 6 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State of New Jersey employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State of New Jersey employees and retired educational employees. As of June 30, 2012, there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the State of New Jersey in accordance with P.L. 1994, c. 62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

NOTE 7 - GENERAL FUND AND SPECIAL REVENUE RECONCILIATION

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis)"revenues" from the budgetary comparison schedules.	\$3,239,053	\$ 196,946
Difference - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>0</u>	<u>0</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$3,239,053</u>	<u>\$ 196,946</u>

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 7 - GENERAL FUND AND SPECIAL REVENUE RECONCILIATION (continued)

Uses/outflows of resources

Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.

\$3,171,174

\$ 196,946

Differences - budget to GAAP:

Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are supplied for financial reporting purposes.

0

0

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.

\$3,171,174

\$ 196,946

NOTE 8 - LEASING ARRANGEMENTS

The School leases its facility under a non-cancelable operating lease. The lease in the monthly amount of \$30,556 with an annual basic rent of \$366,672 is for the term of four years with three five year renewals subject to School's charter renewal and terms of financing. The basic rent shall be increased each year of the initial term and each year of any applicable renewal year at a rate which will be the lesser of 3% or the change in the U.S. Department of Labor CPI. Total rental expense for the year ended June 30, 2012 was \$366,672.

At June 30, 2012, the minimum future base rental payments under non cancelable leasing arrangements are:

Years Ending June 30

Amount

2013

\$366,672

NOTE 9 - COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingent liabilities in addition to the normal encumbrances for the purchase of goods and services. The school does not anticipate losses from these transactions.

Leasing Arrangements

As described in Note 8, the School is committed to certain leasing arrangements for the rental of School facilities from Friends of Academy Charter High School, Inc. a related party. Friends of Academy Charter High School, Inc. is a nonprofit New Jersey corporation organized to raise funds to assist in the operation and maintenance of the School.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 9 - COMMITMENTS AND CONTINGENCIES (continued)

Leasing Arrangements (continued)

The leasing arrangement for the facility requires the School to pay for disassembly and return delivery of classroom buildings, and restoration of the site to its original condition. The School has accrued no liability for such costs, since it is undeterminable as of the financial statement date.

Grants

The School receives significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the State Office of Auditor of Accounts. Any disallowed claims resulting from such audits could become a liability of the General Fund. The School's administration believes such disallowance, if any, would be immaterial.

NOTE 10 - RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Property and Liability Insurance

The School maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance

The School has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the School is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The School is billed quarterly for amounts due to the State. The table is a summary of School contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the charter school's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Charter School Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 8,877	\$4,355	\$13,232	\$ 0
2010-2011	\$26,351	\$5,175	\$31,526	\$ 0
2009-2010	\$18,706	\$4,768	\$23,474	\$ 0

ACADEMY CHARTER HIGH SCHOOL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

NOTE 11 - FUND BALANCE APPROPRIATED

General Fund - of the \$206,165 General Fund balance at June 30, 2012, \$0 is reserved for encumbrances; and \$206,165 is unreserved and undesignated.

NOTE 12 - DEFERRED COMPENSATION

The School offers a deferred compensation plan created in accordance with Internal Revenue Code Section 403 (b). The plan is administered by Lincoln Investment and AXA Equitable. All amounts of compensation deferred under the plan, and all property and rights purchased with those amounts, are held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 13 - SUBSEQUENT EVENTS

As evaluated by the School's management, subsequent events have been disclosed in the notes to the financial statements through February 19, 2013, the date the financial statements were available to be issued.

ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET TO
ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
State aid - district equalization	\$2,696,487	\$2,696,487	\$2,696,487	\$ 0
State aid - special education	141,632	141,632	141,632	0
State aid - security aid	72,558	72,558	72,558	0
State aid - non-public aid	102,410	102,410	102,410	0
Miscellaneous	23,501	23,501	23,501	0
On-behalf TPAF post retirement medical contributions	0	0	78,151	78,151
On-behalf TPAF contributions	0	0	38,876	38,876
Reimbursed TPAF	0	0	85,438	85,438
Total revenues	<u>\$3,036,588</u>	<u>\$3,036,588</u>	<u>\$3,239,053</u>	<u>\$ 202,465</u>
EXPENDITURES				
Current				
Salaries - instruction	\$1,240,930	\$1,240,930	\$1,204,483	\$ 36,447
Professional services	76,528	76,528	67,911	8,617
Other purchased services	87,443	87,443	74,805	12,638
General supplies	69,053	69,053	52,314	16,739
Miscellaneous - Instruction	21,525	21,525	33,352	(11,827)
Salaries -administrative and clerical	322,952	322,952	309,060	13,892
Benefit costs	413,100	413,100	405,021	8,079
Other administrative purchased services	8,000	8,000	9,396	(1,396)
Telephone	15,570	15,570	20,339	(4,769)
Miscellaneous administrative	2,976	2,976	2,976	0
Support services salaries	304,214	304,214	318,427	(14,213)
Rent of building	366,672	366,672	366,672	0
Insurance	53,956	53,956	48,180	5,776
Support supplies	2,000	2,000	4,604	(2,604)
Transportation - trips	1,000	1,000	1,000	0
Miscellaneous support	1,000	1,000	500	500
On-behalf TPAF post retirement medical contributions	0	0	78,151	(78,151)
On-behalf TPAF contributions	0	0	38,876	(38,876)
Reimbursed TPAF	0	0	85,438	(85,438)
Capital outlay	49,669	49,669	49,669	0
Total expenditures	<u>\$3,036,588</u>	<u>\$3,036,588</u>	<u>\$3,171,174</u>	<u>\$ (134,586)</u>
EXCESS OF REVENUES OVER EXPENDITURES	0	0	67,879	67,879
OTHER FINANCIAL SOURCES (USES)				
Transfers	0	0	(70,921)	(70,921)
Proceeds from financing	0	0	0	0
Total other financing sources (uses)	0	0	(69,076)	(70,921)
NET CHANGE IN FUND BALANCE	0	0	(3,042)	(3,042)
FUND BALANCE				
Beginning of year	0	0	209,207	
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 206,165</u>	

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-BUDGET TO
ACTUAL-SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Variance with Final Budget Actual Amounts	Positive (Negative)
	Original	Final		
REVENUES				
Grants - Federal	\$196,946	\$196,946	\$196,946	\$ 0
Grants - State	0	0	0	0
Total revenues	<u>\$196,946</u>	<u>\$196,946</u>	<u>\$196,946</u>	<u>\$ 0</u>
EXPENDITURES				
Current				
Salaries	\$121,103	\$121,103	\$121,103	\$ 0
Professional services	20,948	20,948	20,948	0
Instructional supplies	13,335	13,335	13,335	0
Instructional equipment	0	0	0	0
Benefits	15,892	15,892	15,892	0
Transportation	25,668	25,668	25,668	0
Total expenditures	<u>\$196,946</u>	<u>\$196,946</u>	<u>\$196,946</u>	<u>\$ 0</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 0	\$ 0	\$ 0	\$ 0
OTHER FINANCIAL SOURCES (USES)				
Transfers	0	0	0	0
Proceeds from financing	0	0	0	0
Total other financing sources (uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET CHANGE IN FUND BALANCE	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCE				
Beginning of year	\$ 0	\$ 0	\$ 0	\$ 0
End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

Federal Aid
Fiscal Year
Ended June 30,
2012

Revenues	
Intergovernmental	
State	\$ 0
Federal	196,946
Other Sources	
Miscellaneous	<u>0</u>
Total revenues	<u>\$196,946</u>
Expenditures	
Instruction	
Salaries	\$ 91,103
Purchased professional and technical services	10,948
Instructional supplies	13,335
Equipment - instructional	<u>0</u>
Total instruction	<u>\$115,386</u>
Support services	
Salaries	\$30,000
Benefits	15,892
Supplies	0
Transportation	25,668
Purchased professional/educational services	10,000
Equipment - instructional	0
Equipment - noninstructional	0
Other support services purchased	<u>0</u>
Total support services	<u>81,560</u>
Total expenditures	<u>\$196,946</u>

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS

JUNE 30, 2012

	<u>Unemployment Insurance</u>	<u>Payroll Agency</u>	<u>Total 2012</u>
Assets			
Cash	\$ 0	\$ 0	\$ 0
Total assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Liabilities and Fund Balances			
Liabilities			
Intergovernmental payable - State	\$ 0	\$ 0	\$ 0
Payroll deductions and withholdings	0	0	0
Accrued salaries and wages	0	0	0
Due to student groups	<u>0</u>	<u>0</u>	<u>0</u>
Total liabilities	0	0	0
Fund balances			
Reserve for unemployment trust fund	<u>0</u>	<u>0</u>	<u>0</u>
Total fund balances	0	0	0
Total liabilities and fund balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Assets				
Cash	<u>\$ 0</u>	<u>\$8,887</u>	<u>\$8,887</u>	<u>\$ 0</u>
Total assets	<u>\$ 0</u>	<u>\$8,887</u>	<u>\$8,887</u>	<u>\$ 0</u>
Liabilities				
Fund balance				
Reserve for unemployment compensation	<u>\$ 0</u>	<u>\$8,887</u>	<u>\$8,887</u>	<u>\$ 0</u>
Total liabilities and fund balance	<u>\$ 0</u>	<u>\$8,887</u>	<u>\$8,887</u>	<u>\$ 0</u>

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
COMBINING STATEMENTS OF PAYROLL AND STUDENT ACTIVITY
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	June 30, 2012
<u>Student Activity Fund</u>				
<u>Assets</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 0
Total assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Liabilities</u>				
Due to student groups	0	0	0	0
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Payroll Fund</u>				
<u>Assets</u>				
Cash	0	1,962,561	1,962,561	0
Total assets	<u>0</u>	<u>1,962,561</u>	<u>1,962,561</u>	<u>0</u>
<u>Liabilities</u>				
Payroll deductions and withholdings	0	622,997	622,997	0
Accrued salaries and wages	0	1,339,564	1,339,564	0
Total liabilities	<u>0</u>	<u>1,962,561</u>	<u>1,962,561</u>	<u>0</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	0	1,962,561	1,962,561	0
<u>Liabilities</u>				
Due to student groups	0	0	0	0
Payroll deductions and withholdings	0	622,997	622,997	0
Accrued salaries and wages	0	1,339,564	1,339,564	0
Total liabilities	<u>\$ 0</u>	<u>\$1,962,561</u>	<u>\$1,962,561</u>	<u>\$ 0</u>

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
PAYROLL AGENCY FUND
STATEMENT OF ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2012

	Balance July 1, 2011	Additions	Deletions	June 30, 2012
Assets				
Cash	\$ 0	\$1,962,561	\$1,962,561	\$ 0
Total assets	<u>\$ 0</u>	<u>\$1,962,561</u>	<u>\$1,962,561</u>	<u>\$ 0</u>
Liabilities				
Payroll deductions and withholdings	\$ 0	\$ 622,997	\$ 622,997	\$ 0
Accrued salaries and wages	0	1,339,564	1,339,564	0
Total liabilities	<u>\$ 0</u>	<u>\$1,962,561</u>	<u>\$1,962,561</u>	<u>\$ 0</u>

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
STATISTICAL SECTION

<u>Contents</u>	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the School's financial performance and well being have changed over time.	49-54
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place.	55-57
Operating Information	
These schedules contain information about the School's operations and resources to help the reader understand how the information in the financial report relates to the services the School provides and the activities it performs.	58-61

ACADEMY CHARTER HIGH SCHOOL
NET ASSETS BY COMPONENT,
LAST SEVEN FISCAL YEARS
Unaudited
Accrual Basis of Accounting

J-1

	2006	2007	Fiscal Year Ending June 30,			2011	2012
			2008	2009	2010		
Governmental Activities:							
Invested in capital assets, net of related debt	\$102,490	\$104,244	\$123,059	\$506,264	\$606,483	\$634,117	\$655,526
Restricted	0	0	0	0	0	0	0
Unrestricted	0	-0	0	0	0	0	0
Total governmental activities net assets	<u>\$102,490</u>	<u>\$104,244</u>	<u>\$123,059</u>	<u>\$506,264</u>	<u>\$606,483</u>	<u>\$634,117</u>	<u>\$655,526</u>
Business-type Activities:							
Invested in capital assets, net of related debt	0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0	0	0	0
Unrestricted	0	0	0	0	0	0	0
Total business-type activities net assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
Unaudited
Accrual Basis of Accounting

J-2

		Fiscal Year Ending June 30,				
		2006	2007	2008	2009	2010
						2011
						2012
<u>Expenditures</u>						
Instruction						
Regular Instruction	\$1,044,043	\$1,192,977	\$1,754,370	\$1,852,090	\$1,891,231	\$2,136,236
						\$2,186,401
Support Services: School						
Administrative Service	977,758	983,590	381,230	837,306	817,900	789,695
						665,166
Plant Operations/Maintenance	450,640	386,645	612,460	493,309	478,290	478,008
						466,884
Capital Outlay	47,177	29,996	55,631	422,276	128,456	56,305
						49,669
Total Expenditures	\$2,519,618	\$2,593,208	\$2,803,691	\$3,604,981	\$3,315,877	\$3,460,244
						\$3,368,120
<u>Program Revenue</u>						
Local	\$ 481,318	\$ 462,254	\$ 715,770	\$ 221,729	\$ 203,293	\$ 180,335
State	1,846,714	2,053,307	2,234,925	2,670,380	2,777,152	2,952,114
Federal	165,954	138,318	156,727	316,596	338,065	305,455
Other	56,470	65,998	55,597	48,141	36,726	79,363
						23,501
Total Revenue	\$2,550,456	\$2,719,877	\$3,163,019	\$3,256,846	\$3,355,236	\$3,517,267
						\$3,435,999

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
Unaudited
Accrual Basis of Accounting
(Continued)

J-2

	Fiscal Year Ending June 30						
	2006	2007	2008	2009	2010	2011	2012
Business Type Activities:							
Transfers:							
Food Service	\$ 59,982	\$ 59,250	\$ 69,777	\$ 87,673	\$ 30,381	\$ 195	\$70,921
Total Business Type Activities	\$ 59,982	\$ 59,250	\$ 69,777	\$ 87,673	\$ 30,381	\$ 195	\$70,921
Net (Expense) Revenue:							
Governmental Activities	44,611	117,951	371,387	(348,135)	8,978	56,828	(3,042)
Total District Wide Net Expense	44,611	117,951	371,387	(348,135)	8,978	56,828	(3,042)
Changes in Net Assets	\$ 44,611	\$ 117,951	\$ 371,387	\$ (348,135)	\$ 8,978	\$ 56,828	\$ (3,042)

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

Modified Accrual Basis of Accounting

J-3

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS

Unaudited

Modified Accrual Basis of Accounting

J-4	2006	2007	Fiscal Year Ending June 30,			2011	2012
			2008	2009	2010		
Other Financial Sources							
Transfers Out	(9,643)	(10,472)	(6,756)	(25,288)	(30,381)	(195)	\$ (70,921)
Total Other Financing Sources	<u>(9,643)</u>	<u>(10,472)</u>	<u>(6,756)</u>	<u>(25,288)</u>	<u>(30,381)</u>	<u>(195)</u>	<u>(70,921)</u>
Net Change in Fund Balance	<u>\$ 21,175</u>	<u>\$116,197</u>	<u>\$352,572</u>	<u>\$ (373,423)</u>	<u>\$ 8,978</u>	<u>\$ 56,828</u>	<u>\$ (3,042)</u>
Debt Service as a percentage of Noncapital expenditures	0%	0%	0%	0%	0%	0%	0%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST SEVEN FISCAL YEARS
Unaudited

Modified Accrual Basis of Accounting

J-5

Fiscal Year Ending June 30,	<u>Sale of Capital Assets</u>	<u>Donations</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Sale and Leaseback of Textbooks</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2006	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$56,470	\$56,470
2007	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$65,998	\$65,998
2008	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$55,597	\$55,597
2009	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$48,141	\$48,141
2010	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$36,726	\$36,726
2011	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$79,363	\$79,363
2012	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$23,501	\$23,501

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST SEVEN YEARS ENDED DECEMBER 31,
Unaudited

J-14

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personel Income</u>	<u>Unemployment Rate</u>
2012	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A
2007	16,862	N/A	N/A	9.8
2006	16,894	N/A	N/A	10.7

Information from Asbury Park School District, the principal district of residence. 2008, 2009, 2010, 2011 and 2012 information is not available.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
PRINCIPAL EMPLOYERS
THIS YEAR AND TEN YEARS AGO
Unaudited

J-15

<u>2012</u>			<u>2002</u>		
<u>Employees</u>	<u>Rank</u>	Percentage of Total Municipal <u>Employment</u>	<u>Employees</u>	<u>Rank</u>	Percentage of Total Municipal <u>Employment</u>
Asbury Park					
School District					
Townco Consultants, Inc.					
City of Asbury Park					
Keystone Laundries					
Asbury Park Post Office					
Jersey Central Power					
& Light					
Jersey Shore Addiction					
Services					
Malo & West Corp					
Asbury Park Housing					
Authority					
Monmouth County					
Probation Dept.					
Grand Union					
Interfaith Neighbors					
Our Lady of Mount Carmel					
School					

Information from Asbury Park School District from
2002 through 2012 is not available.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
Unaudited

J-16

Function/Program	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction							
Regular (a)	30	30	30	30	30	30	30
Special Education	4	4	4	4	4	4	4
Vocational							
Other instruction							
Nonpublic school programs							
Adult/continuing education programs							
Support Services:							
Student and instruction related services							
General administration	5	5	5	4	4	4	4
School administrative services							
Central services							
Administrative Information Technology							
Plant operations and maintenance							
Pupil transportation							
Other support services							
Food Service							
Total	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>	<u>38</u>
(a) - includes non certified staff							

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

ACADEMY CHARTER HIGH SCHOOL
OPERATING STATISTICS,
LAST SEVEN FISCAL YEARS
Unaudited

J-17

Fiscal Year	Enrollment	Operating Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff	High School	Average		Average Daily Attendance (ADA)	Percentage Change in	
							Daily Enrollment (ADE)	Daily Enrollment		Daily Enrollment	Student Attendance Percentage
2006	200	\$2,519,618	\$15,598	19.6%	30	30	200	186	186	5.58%	94.5%
2007	200	\$2,593,208	\$12,588	0.1%	30	30	206	188	188	3.10%	93.0%
2008	205	\$2,646,964	\$12,912	0.1%	30	30	200	192	192	2.12%	93.8%
2009	195	\$3,288,385	\$16,864	30%	30	30	184	186	186	3.12%	95.5%
2010	220	\$3,187,421	\$14,488	14%	30	30	184	200	200	0%	91.1%
2011	219	\$3,403,939	\$15,543	7%	30	30	185	200	200	.54%	91.3%
2012	200	\$3,318,451	\$16,592	7%	30	30	186	190	190	.54%	95.0%

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHAPTER HIGH SCHOOL
SCHOOL BUILDING INFORMATION
LAST SEVEN FISCAL YEARS
Unaudited

J-18

	2006	2007	2008	2009	2010	2011	2012
<u>School Building</u>							
<u>High School</u>							
Square Feet	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Capacity (students)	200	200	212	212	212	212	212
Enrollment	200	200	205	195	220	219	200
<u>Other</u>							
Athletic Building Square Feet	7,662	7,662	7,662	7,662	7,662	7,662	7,622

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF REQUIRED MAINTENANCE
LAST SEVEN FISCAL YEARS
Unaudited

J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Total</u>
2006	0
2007	0
2008	0
2009	0
2010	0
2011	0
2012	0
Total School Facilities	<u>\$ 0</u>

All required maintenance included in rent and paid
by landlord.

School facilities as defined under EFCFA.
(N.J.A.C. 6a.26-1.2 and N.J.A.C. 6a26a-1.3)
includes academic and gymnasium facilities.

This schedule does not contain ten years of information as GASB
#44 was implemented during the fiscal year ending June 30, 2006.

See independent auditor's report.

ACADEMY CHARTER HIGH SCHOOL
INSURANCE SCHEDULE
JUNE 30, 2012
Unaudited

J-20

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Blanket real and personal property	\$2,780,000	\$1,000
Equipment	\$ 100,000	\$1,000
 Student Accident Insurance (1)	 \$1,000,000	 \$1,000
 Surety Bonds (1)		
Treasurer	\$ 150,000	\$1,000
Board Secretary	\$ 150,000	\$1,000
Directors/Officers Liability	\$1,000,000	\$5,000

(1)Gunn Steers & Company, LLC

See independent auditor's report.

Oliwa & Company

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To The Honorable President and
Members of the Board of Trustees of
Academy Charter High School
County of Monmouth
Lake Como, New Jersey

We have audited the financial statements of Academy Charter High School in the County of Monmouth, State of New Jersey as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated February 19, 2013. The report was qualified because we were unable to obtain information to fully support the cost of sales in the Proprietary Fund - Food Service for the year ended June 30, 2012. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of Academy Charter High School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Academy Charter High School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Academy Charter High School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Academy Charter High School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency 2012-01 described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Academy Charter High School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that we reported to the Board of Trustees of Academy Charter High School in a separate report entitled "Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance" dated February 19, 2013.

This report is intended solely for the information of management, Academy Charter High School's Board of Trustees, the State of New Jersey Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Robert Oliwa
Certified Public Account
Licensed Public School Accountant
#20CS00093900

Oliwa & Company

Freehold, New Jersey
February 19, 2013

Oliwa & Company

Certified Public Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH FEDERAL OMB CIRCULAR A-133 AND STATE OF NEW
JERSEY OMB CIRCULAR 04-04-OMB

To The Honorable President and
Members of the Board of Trustees
Academy Charter High School
County of Monmouth
Lake Como, New Jersey

Compliance

We have audited Academy Charter High School's in the County of Monmouth, State of New Jersey compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the State of New Jersey, Department of the Treasury, Office of Management and Budget Grant Compliance Supplement that could have a direct and material effect on Academy Charter High School's major state program for the year ended June 30, 2012. Academy Charter High School's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state program is the responsibility of Academy Charter High School's management. Our responsibility is to express an opinion on Academy Charter High School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United State of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and State of New Jersey, Department of the Treasury, Office of Management and Budget Circular 04-04-OMB. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Academy Charter High School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Academy Charter High School's compliance with those requirements.

In our opinion, Academy Charter High School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2012.


Internal Control Over Compliance

Management of Academy Charter High School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Academy Charter High School's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and State of New Jersey 04-04-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Academy Charter High School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, Academy Charter High School's Board of Trustees, others within the entity, the State of New Jersey Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Robert S. Oliwa
Certified Public Accountant
Licensed Public School Accountant
#20CS00093900

Oliwa & Company

Freehold, New Jersey
February 19, 2013

ACADEMY CHARTER HIGH SCHOOL
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year ended June 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Program or Award Amount	From	To	Balance at June 30, 2011	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012			
										Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education													
Passed-through State Department of Education													
Special Revenue Fund:													
Title I, Part A	84.010A	\$ 136,855	9/1/11	8/31/12	\$	\$	\$	\$ (136,855)	\$	\$	\$	\$	
Title I, Part A	84.010A	(57,603)	9/1/10	8/31/11	(28,378)		28,378						
Title I, SIA		(100,000)	9/1/09	8/31/10	(48,888)		48,888						
ARRA- I.D.E.A.	84.391	56,254	7/1/09	8/31/11	(24,000)		24,000						
I.D.E.A. Part B, Basic Regular	84.027	50,027	9/1/11	8/31/12	(3,936)		3,936	(48,691)		(48,691)			
I.D.E.A. Part B, Basic Regular	84.027	42,578	9/1/10	8/31/11			3,550	(11,400)		(7,850)			
Title II, Part A	84.367A	11,400	9/1/11	8/31/12	(5,889)		5,889						
Title II, Part A	84.367A	12,001	9/1/10	8/31/11	(11,091)		114,641	(196,946)		(193,396)			
Total Special Revenue Fund													
U.S. Department of Agriculture													
Passed-through State Department of Education													
Enterprise Fund:													
National School Lunch Program	10.555	46,158	7/1/11	6/30/12			44,169	(46,158)		(1,989)			
National School Lunch Program	10.555	75,390	7/1/10	6/30/11	(12,998)		12,998						
School Breakfast Program	10.553	22,611	7/1/11	6/30/12			21,277	(22,611)		(1,334)			
Total Enterprise Fund					(12,998)		78,444	(68,769)		(3,323)			
Totals					\$ (124,089)	\$ -	\$ 193,085	\$ (265,715)	\$ -	\$ (196,719)	\$ -	\$ -	

The accompanying Notes to Schedules of Expenditures of Federal and State Financial Assistance are an integral part of this statement.

ACADEMY CHARTER HIGH SCHOOL
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year ended June 30, 2012

State Grant/Program Title	Balance at June 30, 2011				Balance at June 30, 2012				MEMO					
	Grant or State Project Number	Program or Award Amount	Grant Period From To	Deferred Revenue (Assets Receivable)	Due to (Waiver) Grantor	Carryover/ (Waiver) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	12-495-034-5120-078	\$2,696,487	7/1/11	6/30/12	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Equalization Aid	11-495-034-5120-078	2,760,692	7/1/10	6/30/11	(79,313)	136,355	79,313	(2,696,487)	(116,355)	(63,738)		178,598	63,738	2,696,487
Special Education Categorical Aid	12-495-034-5120-089	141,632	7/1/11	6/30/12				(141,632)						141,632
Security Aid	17-495-034-5120-084	72,558	7/1/11	6/30/12				(72,558)						71,558
Nonpublic Aid	12-495-034-5120-071	102,410	7/1/11	6/30/12				(102,410)						101,410
On-Behalf TPAP Post-Retirement Medical	12-495-034-5095-001	78,151	7/1/11	6/30/12				(78,151)						78,151
On-Behalf TPAP Pension Contributions	12-495-034-5095-006	38,876	7/1/11	6/30/12				(38,876)						38,876
Reimbursed TPAP Social Security Contributions	12-100-034-5095-002	85,438	7/1/11	6/30/12				(85,438)						85,438
Total General Fund					(79,313)	136,315	3,409,725	(3,215,552)	(116,355)	(63,738)	-	178,598	63,738	3,215,552
State Department of Agriculture														
Enterprise Fund:														
National School Lunch Program	12-100-010-1350-023	941	7/1/11	6/30/12			900	(941)		(41)			41	941
National School Lunch Program	11-100-010-1350-023	944	7/1/10	6/30/11	(179)		179							941
Total Enterprise Fund					(179)	-	1,079	(941)	-	(41)	-	-	41	941
Totals					\$ (79,492)	\$ 136,355	\$ -	\$ 3,410,804	\$ (3,216,493)	\$ (116,355)	\$ (63,779)	\$ -	\$ 178,598	\$ 63,779 \$ 3,216,491

The accompanying Notes to Schedules of Expenditures of Federal and State Financial Assistance are an integral part of this statement.

ACADEMY CHARTER HIGH SCHOOL
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE
FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Financial Assistance and State Financial Assistance include federal and state activity of the Academy Charter High School. The Academy Charter High School is defined in Note 1 to the Charter School's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed-through other government agencies is included on the Schedule of Expenditures of Federal Financial Assistance and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Charter School's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to GAAP basis is \$0 for the general fund and \$0 for the special revenue fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Charter School's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 0	\$3,215,552	\$3,215,552
Special Revenue Fund	196,946	0	196,946
Food Service Fund	<u>68,769</u>	<u>941</u>	<u>69,710</u>
Total Awards & Financial Assistance	<u>\$265,715</u>	<u>\$3,216,493</u>	<u>\$3,482,208</u>

ACADEMY CHARTER HIGH SCHOOL
NOTES TO SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2012
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

TPAF Social Security Contributions represents the amount reimbursed by the State of New Jersey for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012. The amount reported as TPAF post-retirement medical contributions and teacher's pension contributions represents the amount paid by the State of New Jersey on-behalf of the School for the fiscal year ended June 30, 2012.

ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION 1 SUMMARY OF AUDITOR'S RESULTS

Financial Statement Section

Type of auditor's report issued:

Qualified - Food Service
Cost of Sales

Internal control over financial reporting:

Material weakness(es) identified:

 X Yes No

Significant deficiency(ies) identified?

 Yes X No

Noncompliance material to financial
statements noted?

 Yes X No

State Awards Section

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X No

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with NJ 04-04-OMB

 Yes X No

Identification of major programs:

Program Number(s)
12-495-034-5120-078

Name of State Program
Equalization Aid

Dollar threshold used to determine

Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee:

 Yes X No

ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION 2 FINANCIAL STATEMENT FINDINGS

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*.

Item 2012-01

Condition

Information to fully support the cost of sales in the proprietary fund – food service was not available for audit.

Context

While reviewing information to support the cost of sales in the proprietary fund – food service in the amount of \$126,657, adequate documentation was not provided to us to support \$40,608 of expenses charged to the food service cost of sales account for the year ended June 30, 2012.

Effect

The School may not be presenting an accurate accounting of expenses charged to the food service cost of sales account for the year ended June 30, 2012.

Cause

The primary causes of this condition were inadequate procedures relative to the review and approval of adjusting entries made to the appropriation account for food service cost of sales and not maintaining support for each adjusting entry.

Recommendation

We recommend that all material adjusting entries be reviewed and approved by management prior to input to the School's general ledger and subsidiary records, and that sufficient support be maintained for all adjusting entries.

Management's Response

The School has reviewed this financial statement finding and procedures that will prevent material adjusting entries from being entered to the School's general ledger and subsidiary records prior to management's review and approval will be implemented. In addition, sufficient support will be maintained for each adjusting entry.

Contact Person Responsible for Corrective Action

Mary Jo McKinley, Executive Director

Anticipated Completion Date

Immediately

ACADEMY CHARTER HIGH SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SECTION 3 FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

None.